

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

*In the Matter of:*     )

COMPANION LIFE  
INSURANCE COMPANY,

*An Authorized Insurer.* )

No. D 05 - 412

CONSENT ORDER  
IMPOSING A FINE

FINDINGS OF FACT

1. Companion Life Insurance Company ("Companion") is an insurance company authorized to engage in the business of insurance in Washington by the Washington State Office of Insurance Commissioner ("OIC") pursuant to a certificate of authority issued by the OIC.
2. Companion issued a group life and accidental death and dismemberment policy, number 904-05-37588-000, to a Washington trucking company, effective December 15, 1997, insuring the lives of individuals who were employed by the trucking company but who had no ownership, substantial legal, or equity interest in it.
3. The intent of the group policy holder in purchasing the policy was that the insured employees would name the trucking company as their beneficiary, and the insured employees completed beneficiary designations naming their employer as the beneficiary.
4. In 2000, an employee insured under the policy died, and Companion paid the death benefit to the employer.

5. In 2002, following the death of another insured employee of the trucking company, Companion recognized that the employees' beneficiary designations conflicted with RCW 48.24.20, and Companion eventually obtained a release of the employer's claim and paid the death benefit to the deceased employee's heir.

#### CONCLUSIONS OF LAW

1. The group contract issued by Companion to the employer insured employees who did not have a common interest through ownership of the business enterprise, or a substantial legal interest or equity therein, and who were not actively engaged in the management thereof, and the policy lawfully could be delivered or issued for delivery in this state pursuant to RCW 48.24.010 only to one of the groups provided for in RCW Chapter 48.24.
2. Pursuant to RCW 48.24.020, the lives of a group of employees may be insured under a policy issued to an employer only if the policy insures the employees' lives for the benefit of persons other than the employer.
3. By issuing a group policy of life insurance to an employer for the benefit of the employer covering the lives of non-management employees with no ownership or substantial legal interest or equity in the employer business, Companion violated RCW 48.24.020.
4. RCW 48.05.185 authorizes the Commissioner to impose a fine in lieu of or in addition to the suspension or revocation of an insurer's certificate of authority.

#### CONSENT TO ORDER

NOW, THEREFORE, Companion consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of Companion's payment of a fine as set forth below.

1. Companion consents to entry of the foregoing Findings of Fact and Conclusions of Law and this Order, acknowledges its duty to comply fully with the applicable laws of the State of Washington, and waives further administrative or judicial challenge to the OIC's actions related to the subject matter of this Order.
2. Within thirty days of the entry of the Order, Companion agrees to pay to the OIC a fine in the total amount of \$2,500.

3. Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of Companion's certificate of authority and for the recovery of the full fine.

Executed this 17<sup>th</sup> day of October 2005.

Companion Life  
Insurance Company

By: \_\_\_\_\_

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Printed Corporate Title

ORDER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Companion Life Insurance Company is ordered to pay a fine within thirty days in the amount of \$2,500.
2. Companion's failure to pay the fine within the time limit set forth above shall result in the revocation of Companion's Certificate of Authority and in the recovery of the fine amount through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT TUMWATER, WASHINGTON, this 24<sup>th</sup> day of October 2005.

MIKE KREIDLER  
Insurance Commissioner

By: \_\_\_\_\_  
CHARLES D. BROWN  
OIC Staff Attorney  
Legal Affairs Division